



**To the Honorable Council  
City of Norfolk, Virginia**

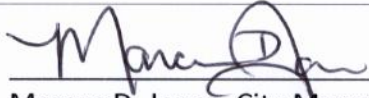
February 23, 2016

**From:** David S. Freeman, AICP  
Director of General Services

**Subject:** Amendment to the Lease  
Agreement with The Muddy Paw  
Grooming and Retail Store

**Reviewed:**   
Sabrina Joy-Hogg, Deputy City Manager

**Ward/Superward:** 2/6

**Approved:**   
Marcus D. Jones, City Manager

**Item Number:**

**PH-10**

I. **Recommendation:** Adopt ordinance

II. **Applicant:** The Muddy Paw Grooming and Retail Store, LLC

III. **Description:**

This agenda item is an ordinance to amend a lease between the City of Norfolk (the "city") and The Muddy Paw Grooming and Retail Store, LLC ("Muddy Paw") for the space located at 400 Granby Street, Suite B.

IV. **Analysis**

The Vibrant Spaces program is a three-year program that was established with the goal of attracting and retaining downtown businesses. On June 23, 2015, Ordinance No. 45,987, City Council approved a boilerplate lease to be used with prospective tenants for the spaces at 400 Granby Street. For Muddy Paw, this boilerplate lease was revised to accommodate an option to extend the term of the lease for up to two (2) additional one (1) year periods. This option was offered in an effort to attract this new business and maintain their occupancy on Granby Street. Each year of renewal will also have a three percent escalation of the rental amounts paid to the city and the lease extensions will allow for increased sales tax and parking revenue for the city as generated by this business. No other provisions of the lease have been changed by this amendment.

**V. Financial Impact**

Anticipated rent during original lease period ( <i>with the Vibrant Spaces program</i> )	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> year - \$24,700.00</li> <li>• 2<sup>nd</sup> year - \$24,700.00</li> <li>• 3<sup>rd</sup> year - \$37,050.00</li> </ul>
Anticipated rent for renewal periods (set to escalate 3% each year)	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> period of potential renewal - rent to escalate 3% (from \$37,050.00) to \$38,161.50.</li> <li>• 2<sup>nd</sup> period of potential renewal - rent to escalate 3% (from \$38,161.50) to \$39,306.35.</li> </ul>
TOTAL Rent Anticipated ( <i>including potential renewal periods</i> )	<ul style="list-style-type: none"> <li>• \$163,917.85</li> </ul>
Liability insurance coverage	\$1,000,000.00 / City of Norfolk named as an insured

**VI. Environmental**

There are no known environmental issues associated with this property.

**VII. Community Outreach/Notification**

Public notification for this agenda item was conducted through the city's agenda notification process.

**VIII. Board/Commission Action**

N/A

**IX. Coordination/Outreach**

This letter and ordinance have been coordinated with the Department of General Services – Office of Real Estate and the City Attorney's Office.

**Supporting Material from the City Attorney's Office:**

- Ordinance
- Exhibit A – Lease Amendment

1/21/2016mr

Form and Correctness Approved:

By

Office of the City Attorney

Contents Approved:

By

DEPT. General Services

NORFOLK, VIRGINIA

## ORDINANCE No.

AN ORDINANCE AUTHORIZING AN AMENDMENT TO LEASE BETWEEN THE CITY OF NORFOLK AND THE MUDDY PAW GROOMING AND RETAIL STORE, LLC FOR THAT CERTAIN PROPERTY LOCATED AT 400 GRANBY STREET, SUITE NORTH B AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AMENDMENT ON BEHALF OF THE CITY OF NORFOLK.

- - -

WHEREAS, the City of Norfolk (the "Landlord") and The Muddy Paw Grooming and Retail Store, LLC (the "Tenant") entered into that certain Lease Agreement dated December 14, 2015 (the "Lease") for premises known as North B in the Granby Municipal Building located at 400 Granby Street in the City of Norfolk; and

WHEREAS, the Lease provides that the Tenant shall have the option to extend the term of the Lease for up to two (2) additional periods of one (1) year each, subject to the approval of such renewal options by the City Council of the City of Norfolk; and

WHEREAS, the parties desire to amend the Lease to evidence the approval of such extension periods by the City Council confirming that the Tenant shall have the option to extend the term of the Lease for up to two (2) additional periods of one (1) year each; now, therefore

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the terms and provisions of the Amendment to Lease between the City and The Muddy Paw Grooming and Retail Store, LLC, a copy of which is attached hereto as Exhibit "A", are hereby approved.

Section 2:- That the City Manager is authorized to correct, amend, or revise the Amendment to Lease as he may deem necessary in order to carry out the intent of the Council and to execute the Amendment as corrected, amended, or revised in accordance herewith, for and on behalf of the City, subject however to approval as to form and correctness by the Office of the City Attorney.

Section 3:- That this ordinance shall be in effect from and after thirty (30) days from the date of its adoption.

AMENDMENT TO LEASE  
(Suite North B – Granby Municipal Building)

THIS AMENDMENT TO LEASE is entered into as of the 23<sup>rd</sup> day of March, 2016, by and between the CITY OF NORFOLK, a municipal corporation of the Commonwealth of Virginia (“Landlord”), and THE MUDDY PAW GROOMING AND RETAIL STORE, LLC a Virginia limited liability company (“Tenant”).

WITNESSETH:

WHEREAS, Landlord and Tenant entered into that certain Lease Agreement dated December 14, 2015 (the “Lease”) for premises known as North B in the Granby Municipal Building in the City of Norfolk; and

WHEREAS, the Lease provides that the Tenant shall have the option to extend the term of the Lease for up to two (2) additional periods of one (1) year each, subject to the approval of such renewal options by the City Council of the City of Norfolk; and

WHEREAS, the parties desire to amend the Lease to evidence the approval of such extension period by the City Council confirming that the Tenant shall have the option to extend the term of the Lease for up to two (2) additional periods of one (1) year each.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the mutual covenants stated herein, the parties hereto agree as follows

1. Term. Tenant shall have the option to extend the term of the Lease for up to two (2) additional periods of one (1) year each.
2. Rent. Tenant shall continue to pay Base Rent and all other amounts due under the Lease during the renewal terms in accordance with the Lease.
3. Modification. Except as expressly modified hereby, all terms and conditions of the Lease shall remain in full force and effect.

WITNESS the following signatures and seals:

LANDLORD:

CITY OF NORFOLK,  
a municipal corporation of the Commonwealth of  
Virginia

By: \_\_\_\_\_  
Name: Marcus D. Jones  
Title: City Manager

Attest:

\_\_\_\_\_  
City Clerk

Approved as to content:

\_\_\_\_\_  
Director, Department of General Services

Approved as to form and correctness:

\_\_\_\_\_  
Assistant City Attorney

TENANT:

THE MUDDY PAW GROOMING AND RETAIL  
STORE, LLC

By: \_\_\_\_\_(SEAL)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LEASE AGREEMENT**

**by and between**

**CITY OF NORFOLK, LANDLORD**

**and**

**THE MUDDY PAW GROOMING AND RETAIL STORE, LLC, TENANT**

**SUITE NORTH B  
GRANBY MUNICIPAL BUILDING**

## LEASE AGREEMENT

(Suite North B)

THIS LEASE AGREEMENT, made as of the 14th day of December, 2015, by and between the CITY OF NORFOLK, a municipal corporation of the Commonwealth of Virginia (the "Landlord"), and THE MUDDY PAW GROOMING AND RETAIL STORE, LLC, a Virginia limited liability company (the "Tenant").

### WITNESSETH:

THAT FOR AND IN CONSIDERATION of the rents, covenants, and agreements hereinafter reserved and contained on the part of Tenant to be observed and performed, the Landlord demises and leases to the Tenant, and Tenant rents from Landlord, those certain premises, upon those terms and conditions as shall be hereinafter set forth as follows:

#### 1. TERM; ACCEPTANCE OF PREMISES; PREMISES

1.1 Appropriation. Any obligation of the Landlord to pay any amounts hereunder to Tenant shall be subject to appropriation of funds by Norfolk City Council.

1.2 Initial Term; Possession of Premises; Delayed Delivery. The initial term of this Lease shall commence on January 1, 2016 (the "Commencement Date"), shall continue for three (3) years, and shall end on December 31, 2018 (the "Expiration Date"). Landlord shall deliver possession of the Premises to Tenant on the Commencement Date with the Leasehold Work (defined below) substantially complete; provided, however, that if Landlord is delayed in delivering possession beyond sixty (60) days after the Commencement Date and the cause for delay is not the fault of Tenant or its agents, the Commencement Date shall be extended to the date possession is delivered to Tenant and the Rent Commencement Date and the Expiration Date shall be extended a like number of days as the delay period. If the cause for the delay is the fault of Tenant or its agents, the delay shall not affect the Commencement Date and Tenant shall begin paying rent in accordance with the terms set forth herein unless otherwise agreed to in writing by Landlord.

1.3 Renewal Terms. Subject to approval of the City Council of the City of Norfolk, Tenant shall have the option to extend the term of this Lease for up to two (2) additional periods of one (1) year each.

1.4 Acceptance/Condition of Premises. Landlord shall deliver, and Tenant hereby accepts, the Premises in its "AS IS" condition; subject, however, to Landlord's performance of those items described on Exhibit C (the "Landlord's Work"), which shall be completed on or prior to the Commencement Date. Within ten (10) days after delivery of the Premises to Tenant, Tenant shall make such inspection of the Premises as Tenant deems appropriate and, except as otherwise stated in a written notice delivered to Landlord prior to the expiration of such period, Tenant shall be deemed to have accepted the Premises in its then-current condition. Landlord represents and warrants to Tenant that the Landlord's Work

shall be constructed in a good and workmanlike manner. Upon acceptance of the Premises, Tenant shall be responsible for any and all improvements at the Tenant's sole cost and expense.

**1.5 Premises.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises designated as Suite North B as shown on Exhibit A to this Lease in the Building known as Granby Municipal Building (the "Building") located at 400 Granby Street, Norfolk, Virginia 23510 (the "Land"). The Premises consists of certain retail space with an agreed upon usable area of 2,600 square feet. The Premises, Building and Land may be referred to collectively as the "Property".

**1.6 Parking.** Landlord shall designate two (2) reserved parking spaces in the adjacent parking area for Tenant's use, subject to Tenant entering into a parking agreement with the City of Norfolk Division of Parking for the use of such spaces at the applicable parking rate. Rent for such spaces shall be paid by the Tenant to the City in addition to Tenant's obligations under this Lease.

## **2. RENT**

**2.1 Rent When Due; Where Paid.** All monies payable by Tenant to Landlord under this Lease shall be deemed to be rent. Beginning on the Rent Commencement Date, as hereinafter defined, rent shall be paid to Landlord in advance, in equal monthly installments on the first day of each calendar month, during the entire term of this Lease, without demand, deduction, set-off or counterclaim, in lawful money of the United States at the address of Landlord as set forth in this Lease, or to such other person or identity or to such other address as Landlord may designate in writing. Should the Rent Commencement Date be on a day other than the first day of the month or terminate on a day other than the last day of the month, the rent for such partial month shall be pro-rated based on a 365-day year and shall be paid on the Rent Commencement Date.

**2.1.1 Base Rent.** Tenant agrees to pay Landlord base rent in the amount of Twenty Four Thousand Seven Hundred and 00/100 Dollars (\$24,700.00) per year (\$2,058.33 per month based on \$9.50 per usable square foot per annum) during the first twenty four (24) months of the initial term ("Base Rent"); provided, (a) Base Rent shall not commence until the earlier of (i) sixty (60) days after the Commencement Date or (ii) Tenant's opening for business at the Premises and (b) Tenant shall receive a credit against Base Rent in the amount Eighteen Thousand One Hundred Seventy-One and 00/100 Dollars (\$18,171.00). Accordingly, Base Rent shall abate entirely, Base Rent in the ninth (9<sup>th</sup>) calendar month after the Rent Commencement Date shall be Four Hundred Eleven and 67/100 Dollars (\$411.67) plus the prorated Base Rent for any partial calendar month after the Rent Commencement Date until the end of the calendar month in which the Rent Commencement Date occurs, and Base Rent thereafter shall be the paid in the full amount in accordance with the terms set forth herein. As used herein, "Lease Year" shall refer to a period of twelve (12) full months during the Term commencing on the Commencement Date or an anniversary of the

Commencement Date and ending on the day before the following anniversary of the Commencement Date.

**2.2 Rent Escalation.** Base Rent shall increase at the start of the third Lease Year to Thirty Seven Thousand Fifty and 00/100 Dollars (\$37,050.00) annually (\$3,087.50 per month based on \$14.25 per usable square foot per annum). In the event that Tenant exercises its option to extend the term of this Lease (subject to prior approval of the renewal option by the City Council), Base Rent during the first renewal term shall be Thirty-Eight Thousand One Hundred Sixty-One and 50/100 (\$38,161.50) annually (\$3,180.13 per month) and Base Rent during the second renewal term shall be Thirty-Nine Thousand Three Hundred Six and 35/100 (\$39,306.35) annually (\$3,275.53 per month).

**2.3 Additional Rent.** Tenant shall also pay Landlord (i) Tenant's Proportionate Share, as hereinafter defined, of the cost of providing janitorial services to the entryway of the Building ("Janitorial Costs"), (ii) Tenant's Proportionate Share of maintenance and non-structural repairs made by Landlord to the entryway to the Building, (iii) Tenant's "Proportionate Building Share" of the HVAC costs of the Building, and (iv) all other sums or charges due or to become due from Tenant to Landlord under this Lease (collectively referred to as "Additional Rent"). Tenant shall make monthly payments of its Proportionate Share of the Janitorial Costs as reasonably determined by Landlord on the first day of each month together with Base Rent. All Additional Rent shall be due within thirty (30) days after receipt of an invoice therefor if a date for payment is not otherwise specified.

**2.4 Interest Rate on Delinquencies.** If Tenant shall fail to pay any monthly installment of Base Rent or any Additional Rent or other charges; within ten (10) days of its due date, Tenant shall pay a late charge of five percent (5%) of the delinquent rent and such unpaid amounts shall bear interest at the rate of 18% per annum. This provision shall not be construed to adjust, alter or modify the date when monthly installments of rent are due, nor shall the payment of any interest required by this Section be deemed to cure or excuse default by Tenant under this Lease.

**2.5 Commencement Date Agreement.** At Landlord's request, Tenant agrees to execute and deliver a commencement date agreement acknowledging that Tenant has accepted possession of the Premises and confirming (1) the exact Commencement Date, Rent Commencement Date and expiration date of this Lease, (2) Tenant's confirmation that Landlord has complied with all Landlord's covenants and obligations, (3) the square footage of the Premises, and (4) similar matters as reasonably requested by Landlord.

**2.6 Square Footage.** The Base Rent set forth in this Lease is calculated on a per square foot basis. Upon completion of Landlord's Work, to include the construction of a demising wall at the rear of the Premises, the Premises shall be measured to determine the usable square footage and the Base Rent shall be calculated based upon such measurement.

**2.7 Tenant's Proportionate Share.** As used in this Lease, Tenant's Proportionate Share or Proportionate Share shall mean a fraction, the numerator of which is the square footage of the Premises and the denominator of which is the combined usable

square footage of the Premises and Suite A of the Building, which is approximately 6,420 square feet but which will be determined when the demising walls of the Premises are built. As used in this Lease, Tenants Proportionate Building Share shall mean the usable area of the Premises divided by the total square footage of the Building.

**3. USE; RESTRICTIONS ON USE; BUILDING REGULATIONS; QUIET ENJOYMENT; SERVICES BY LANDLORD**

**3.1 Use; Operating Covenant.** The Premises shall be used for dog grooming and related retail purposes and for no other purpose. Tenant shall, at Tenant's expense, comply with all laws, rules, regulations, requirements, and ordinances enacted or imposed by any governmental unit having jurisdiction over the Building, Premises, Landlord or Tenant. Tenant agrees to open for business in the Premises no later than ninety (90) days after the Commencement Date. Thereafter, Tenant shall in good faith continuously operate throughout the Term in the entire Premises.

**3.2 Building Rules and Regulations.** Tenant shall obey all rules and regulations (including restrictions) of the Building as imposed by Landlord and set forth in Exhibit B and incorporated as a part of this Lease. Landlord shall have the right to make changes or additions to such rules and regulations provided such changes or additions, except those affecting the safety and operation of the Building or Premises, do not unreasonably affect Tenant's use of the Premises. Landlord shall not be liable for failure of any tenant to obey such rules and regulations. Failure by Landlord to enforce any current or subsequent rules or regulations against any tenant of the Building shall not constitute a waiver thereof.

**3.3 Quiet Enjoyment.** Landlord agrees that, subject to terms, covenants and conditions of this Lease, Tenant may, upon observing and complying with all terms, covenants and conditions of this Lease, peaceably and quietly occupy the Premises during the term of this Lease.

**3.4 Utilities and Services to be Provided by Landlord.** Landlord agrees to provide the necessary mains, conduits and other facilities to supply water, HVAC, electricity, gas (if applicable), and sewage service to the Premises. Electricity, shall be separately metered as part of Landlord's Work. Water and sewer shall be separately metered at Tenant's sole cost and expense. Tenant shall, at Tenant's sole cost and expense, make application and arrange for utility providers to furnish services to the Premises. If any services or utilities to be provided are suspended or interrupted by strikes, repairs, alterations, orders from any governmental authority or any cause beyond Landlord's reasonable control, Landlord shall not be liable for any costs or damages incurred by Tenant, and such interruption shall not be deemed an eviction or relieve Tenant of performance of Tenant's obligations under this Lease. Landlord shall provide janitorial services to entryway of the Building serving the Premises, subject to the provisions of Section 2.3. Tenant shall be responsible for trash collection sufficient to keep the Premises free and clear of debris and the exterior of the Premises free of excess accumulation of trash.

**3.5 Utilities and Services to be Provided by Tenant.** Tenant shall be solely responsible and promptly pay all charges for janitorial service, HVAC, electricity, telephone service, cable, and other utilities furnished to the Premises from and after the Commencement Date (including all connection fees and similar charges for connecting the Premises to such utilities). Electricity shall be separately metered. Tenant shall pay as the utility company directly for all separately metered utilities. The cost of janitorial service and HVAC shall be paid by Tenant as Additional Rent.

**3.6 Hazardous Waste.** The term "Hazardous Substances" shall mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the removal of which is required or the use or storage of which is restricted, prohibited, regulated or penalized by any law relating to pollution or protection of the environment (collectively "Environmental Laws"). Tenant agrees not to use, store, release or dispose of any Hazardous Substance on the Premises except for the use and storage of products containing Hazardous Substances that are stored, used and sold in connection with the use of the Premises permitted hereunder and provided that such storage, use and sale is in compliance with Environmental Laws. Tenant shall promptly remediate any release of Hazardous Substances at the Premises in strict accordance with all applicable Environmental Laws at Tenant's sole expense and shall immediately remedy any violation of Environmental Laws with respect to the Premises. Tenant will be solely responsible for all fines, damages and costs of correction relating to the Hazardous Substances at the Premises. If Tenant fails to comply with the preceding sentence, Landlord may take all actions necessary to bring the Premises into compliance with this Section 3.6, and the cost thereof shall be immediately payable as Additional Rent. Landlord or its representatives may enter the Premises at any reasonable time upon reasonable prior notice for the purpose of inspecting for compliance with this Section 3.6.

**4. ASSIGNMENT; SUBLET; RECAPTURE OF PREMISES; MORTGAGE BY LANDLORD; SUBORDINATION; ATTORNMEN; ESTOPPEL CERTIFICATE; NOTICE TO MORTGAGEE; SALE BY LANDLORD.**

**4.1 Assignment; Sublet.** Tenant shall not assign or otherwise transfer, pledge, grant a security interest in or mortgage this Lease, or sublet all or any portion of the Premises without Landlord's and Downtown Norfolk Council's prior written consent, which, if consented to by Landlord and Downtown Norfolk Council, shall be in a form acceptable to Landlord and Downtown Norfolk Council. No assignment, mortgaging or subletting, if consented to by Landlord or the Downtown Norfolk Council, shall relieve Tenant of its obligations under this Lease. Consent by Landlord or the Downtown Norfolk Council shall not operate as a waiver of the necessity for consent to any subsequent assignment, mortgaging or subletting and the terms of such consent shall be binding upon the assignee, mortgagee or subtenant. Tenant hereby irrevocably assigns, for purposes of collateral, the rent of any and all assignees and sublessees and, upon instruction from Landlord, shall notify any assignee or sublessee to make such payments directly to Landlord. For convenience purposes, the Landlord may, at its option, make arrangements to collect the rent directly from the assignee or subtenant. Additionally, if the Tenant does sublet the Premises, in whole or in part, then it is hereby mutually agreed that Landlord shall have the right to 100% of any

Additional Rental Income which is the result of such sublease. For purposes of this Section, "Additional Rental Income" is defined as the difference between all rent paid by subtenant and all rent owed by Tenant to Landlord hereunder. Tenant shall submit periodic reports to Landlord computing any subrental payments due to Landlord and enclosing the payments.

**4.2 Corporate Transfer.** If at any time during the term of this Lease corporate shares, partnership interests or other proprietary interest of or in Tenant shall be transferred by sale, assignment, bequest, inheritance, operation of law or other disposition so as to result in a change in the present effective control of Tenant by the person or persons owning a majority of said corporate shares, partnership interests or other proprietary interests on the date of this Lease, Tenant shall promptly notify Landlord in writing of such change. ; provide, however, any sale, assignment, merger, acquisition or other transfer that results in a change in the effective control of Tenant shall be subject to the prior written consent of Landlord.

**4.3 Recapture of Premises.** Tenant's request for Landlord's consent to the assignment of this Lease or subletting all or any part of the Premises shall contain a right of first refusal to Landlord to recapture, at the then square foot rental rate or the rental Tenant proposes to obtain, whichever is lower, all or such part of the Premises which Tenant proposes to assign or sublet. Upon receipt of such offer, Landlord shall have the option, to be exercised within thirty (30) days following receipt, to accept the Tenant's offer to permit Landlord to recapture. If accepted, Tenant shall execute an assignment of the Lease or a sublease to Landlord in a form acceptable to Landlord, with Landlord having the right to sublease or subrent to others. If Landlord exercises its option to recapture and the assignment or sublease from Tenant provides for a rental rate equal to the rental rate in effect as of the date the option is exercised, Tenant shall be released of all further liability under this Lease, as of the effective date of the assignment or sublease, with respect to that portion of the Premises subject to the assignment or sublease.

**4.4 Mortgage by Landlord.** Landlord shall have the right to transfer, assign, pledge, grant a security interest in, mortgage or convey in whole or in part the building and any and all of its rights under this Lease, and nothing herein shall be construed as a restriction upon Landlord's doing so.

**4.5 Subordination.** Subject to the requirements of Section 4.6, this Lease is and shall be subject and subordinate in all respects to any and all mortgages, deeds of trust and ground leases now or hereafter placed on the Building or the land upon which the Building is situated, and to all renewals, modifications, consolidations, replacements and extensions thereof.

**4.6 Attornment/Non-Disturbance.** If the interest of Landlord is transferred to any person or entity by reason of foreclosure or other proceedings for enforcement of any mortgage, deed of trust or security interest or by delivery of a deed in lieu of foreclosure or other proceedings, or by reason of sale, assignment or other transfer of Landlord's interest in the Building, Tenant shall immediately and automatically attorn to such person or entity. In event of such transfer, this Lease and Tenant's rights hereunder shall continue undisturbed so long as Tenant is not in default and the successor to the Landlord shall perform all

obligations of the Landlord under the Lease. Tenant shall, at Landlord's request, execute an agreement providing for subordination of the lease. Tenant agrees that the termination of any ground lease shall not result in termination of this Lease.

**4.7 Estoppel Certificate.** Tenant agrees, at any time and from time to time, upon not less than ten (10) days prior written notice by Landlord, to execute, acknowledge and deliver to Landlord or any person designated by Landlord, a statement in writing (i) certifying that this Lease is unmodified and in full force and effect, or, if there have been modifications specifying the same; (ii) certifying that Tenant has accepted possession of the Premises, and that any improvements required by the terms of this Lease to be made by the Landlord have been completed to the satisfaction of the Tenant or, if not, describing such unsatisfactory improvements; (iii) stating that no rent under this Lease has been paid more than thirty (30) days in advance of its due date; (iv) stating the address to which notices to Tenant should be sent; (v) certifying that Tenant, as of the date of any such certification, has no charge, lien or claim of set-off under this Lease, or otherwise, against rents or other charges due or to become due hereunder; (vi) stating whether or not, to the best of Tenant's knowledge, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which Tenant may have knowledge; and (vii) containing any other statement as Landlord may reasonably request. Any such statement delivered pursuant to this Section may be relied upon by any owner of the Building, any prospective purchaser of the Building, any mortgagee or prospective mortgagee of the Building or of Landlord's interest, or any prospective assignee of any such mortgagee.

**4.8. Sale by Landlord.** In the event Landlord transfers its interest in the Building, any such transfer shall be subject to the terms and conditions of this Lease. Landlord shall thereby be released from any further obligation hereunder, except for any existing obligation that Landlord may have to Tenant at the time of such transfer unless such obligation is expressly assumed in writing by the purchaser and Tenant is provided with a copy of such assumption, and Tenant agrees to look solely to the successor in interest of the Landlord for the performance of any such obligations under the Lease. However, if such new landlord is unacceptable to Tenant for any reason, then Tenant shall have the right to terminate this Lease upon thirty (30) days' prior written notice to Landlord delivered within ten (10) days following Tenant's receipt of notice identifying the prospective purchaser of the Building.

**5. MAINTENANCE AND REPAIRS; RIGHT OF ENTRY; ALTERATIONS; LIENS; SIGNS.**

**5.1 Maintenance and Repairs by Tenant.** Tenant shall maintain and keep in good condition and repair the interior, non-structural portions of the Premises (including without limitation, interior walls, plate glass, windows, doors, door closure devices, window and door frames, molding, locks and hardware, painting or other treatment of interior walls, floor coverings, glazing, plumbing, pipes, signage, lighting and electrical wiring and conduits) and shall repair or replace, as necessary, any damage or injury to the Premises or the Building caused by Tenant, its agents, employees or invitees (subject, however, to Section 6.5 below). Tenant shall keep all plumbing units, pipes and connections both in the

Premises and in the restrooms serving the Premises free from obstruction and protected against ice and freezing. All maintenance and repairs made by Tenant shall be performed only by licensed contractors approved by Landlord. Tenant shall require its contractor to comply with Landlord's regulations and any other reasonable requirements regarding all work to be performed. Tenant shall keep the Premises and entryway neat, clean and free from dirt, rubbish, insects and pests and shall keep the sidewalks, serviceway and loading areas adjacent to the Premises free from obstruction and rubbish created by Tenant or related to Tenant's business. Tenant shall store all trash and garbage within the area designated by Landlord for trash pickup and removal, in receptacles of the size, design and color prescribed by Landlord. Tenant shall give immediate written notice to Landlord of any improperly functioning equipment serving the Premises or damage to the Premises. Landlord shall be solely responsible for any replacement or repair of building structure, including exterior walls and all plumbing, electric, and utility servicing beyond the demising walls of the Premises, except for plumbing repairs the need for which arises from Tenant's use of the Premises.

**5.2 Landlord's Right to Maintain or Repair.** If, within ten days following occurrence, Tenant fails to repair or replace any damage to the Premises or Building for which Tenant is responsible pursuant to Section 5.1 above, Landlord may, at its option, cause all required maintenance, repairs or replacements to be made. Tenant shall promptly pay Landlord all costs incurred in connection therewith plus interest thereon at the rate of 18% per annum from the due date until paid.

**5.3 Maintenance and Repairs by Landlord.** Landlord shall keep the exterior of the Premises, including the foundation and the exterior walls of the Premises, in good repair, ordinary wear and tear excepted, and subject to Tenant's obligations under Section 5.1 above. Landlord shall maintain and repair the entryway of the Building serving the Premises, subject to the provisions of Section 2.3 above. Landlord shall maintain and repair the HVAC system serving the Premises. Any repairs required to be made by Landlord which are occasioned by the act or negligence of Tenant or its agents, employees or invitees, shall be paid for by Tenant upon demand to the extent not covered by insurance proceeds actually received by Landlord. If the Premises or entry requires repairs that are Landlord's responsibility under this provision, Tenant shall give immediate written notice to Landlord, and Landlord shall not be responsible in any way for failure to make any such repairs until a reasonable time shall have elapsed after delivery of such written notice.

**5.4 Alterations by Tenant.** Tenant shall make improvements to the Premises pursuant to the space plans and specifications attached hereto as Exhibit D (the "Tenant Improvements"). The Tenant Improvements shall be completed at Tenant's sole cost and expense in a good and workmanlike manner and shall comply at the time of completion with all applicable laws. Tenant shall notify Landlord upon completion of the Tenant Improvements and Landlord shall inspect same for workmanship and compliance with Exhibit D and other applicable provisions of this Lease. Tenant and its contractors shall comply with all reasonable requirements Landlord may impose on Tenant or its contractors with respect to such work (including but not limited to, insurance, indemnity and bonding requirements), and shall deliver to Landlord a complete copy of the "as-built" or final plans and specifications for all alterations or physical additions so made in or to the Premises

within thirty (30) days of completing the work. The Tenant Improvements shall include an adequate water filtration system to prevent animal hair from going into the plumbing serving the Premises and an adequate exhaust/ventilation system designed for Tenant's specific use of the Premises.

**5.5** Except for decorative or cosmetic changes or alterations, Tenant shall make no other changes, additions, alterations or improvements to the Premises without the prior written consent of Landlord and subject to all rules, requirements and conditions imposed by Landlord and applicable laws, rules, and regulations at the time such consent is given. Landlord shall have the right to withhold its consent and condition consent upon provision by Tenant of adequate security, and may require Tenant to restore the Premises to the condition existing prior to any such alterations made without Landlord's consent upon the expiration or earlier termination of the term of this Lease. Tenant shall have the right to install its trade fixtures at the Premises provided the installation thereof does not alter or damage the structural portions of the Building.

**5.6 Alterations by Landlord.** Landlord may make repairs, changes or additions to the structure, systems, facilities and equipment in the Premises where necessary to serve the Premises or the Building, as long as any such repairs, changes or alterations do not reduce the square footage of floor space available for Tenant's use. Landlord may also make changes, alterations or additions to any part of the Building not forming part of the Premises and change the location of public areas of the Building.

**5.7 Liens.** If, because of any act or omission of Tenant or any person claiming by, through or under Tenant, any mechanic's lien or other lien shall be filed against the Premises or the Building or against other property of Landlord (whether or not such lien is valid or enforceable as such), Tenant shall, at its own expense, cause the same to be discharged of record within thirty-five (35) days after the date of filing thereof. If any such lien is not so discharged, Landlord may, but shall not be obligated to, pay or post security for the claim upon which such lien is based so as to have such lien released of record; and, if Landlord does so, then Tenant shall pay to Landlord, as Additional Rent, upon demand, the amount of such claim or security, plus all other costs and expenses incurred in connection therewith (including Landlord's reasonable attorneys' or consultants' fees), plus interest thereon at the rate of the lesser of eighteen percent (18%) per annum or the highest lawful rate under applicable law until paid.

**5.8 Signs.** Tenant may install signage at the Premises subject to Landlord's prior written consent and the sign criteria established by the Department of Planning and Community Development of the City of Norfolk. Tenant shall be responsible for ensuring that such signage is and remains in compliance with all laws, rules and regulations of the City of Norfolk and for obtaining any necessary approvals associated therewith. Upon expiration or sooner termination of this Lease, Tenant shall remove all such signs or advertising consented to by Landlord or allowed pursuant to this Section and shall repair any damage caused by such removal. During the last six (6) months of the Term, and at any time Tenant is in Default, Landlord shall have the right to erect on the Premises signs indicating that the Premises are available for lease.

**5.9 Display Windows.** Tenant shall maintain all display windows in a neat, attractive condition in compliance with requirements of Section 5.7, and Tenant shall keep all display windows and exterior electric signs in front of the Premises lighted from dusk until 10:00 p.m. every day, including Sundays and holidays.

**5.10 Landlord's Right of Entry.** Landlord, its agents, contractors or employees shall have the right to enter the Premises at reasonable hours and after reasonable notice to make inspections, alterations, or repairs to the Building or the Premises and to show the Premises to prospective purchasers or tenants. In event of emergency, Landlord, its agents, contractors or employees shall have the right of entry at any time and may perform any acts related to safety, protection, preservation or improvement of the Building or the Premises, but in making such entry shall take all appropriate measures to safeguard the privacy of Tenant's files and records. Landlord shall provide Tenant notice of such entry; provided, however, that such notice may be within a reasonable period after entry has occurred. Except for repair of casualty damage as provided in Section 7.1, Tenant shall not be entitled to any abatement or reduction of rent because of work performed within the Building or Premises by Landlord. Tenant shall provide Landlord with a key to the Premises, including any internal locked areas of the Premises, and a Knox box shall be located at the Premises at the sole cost and expense of Tenant.

**5.11 Waiver of Landlord's Lien.** Except in the event of a monetary default by Tenant, Landlord waives any lien it might have upon all goods, wares, equipment, fixtures, furniture, inventory, accounts, contract rights, chattel paper and other personal property of Tenant located in the Premises. In the event of a monetary default by Tenant under the terms of this Lease, Tenant grants to Landlord a first priority lien and continuing security interest for all Rent and all other obligations of Tenant under this Lease, upon all goods, wares, equipment, fixtures, furniture, inventory, accounts, contract rights, chattel paper and other personal property of Tenant located in the Premises, and such property shall not be removed therefrom without the consent of Landlord, except in the ordinary course of business. Upon a Default, Landlord shall have, in addition to all other remedies, all rights and remedies under the Virginia Uniform Commercial Code, including the right to sell such property at public or private sale upon five (5) days' notice to Tenant. Tenant agrees to execute such documents as Landlord requests to perfect the security interest so created, including any UCC financing statements.

**5.12 Non-Liability for Certain Conditions.** Landlord and Landlord's agents and employees shall not be liable to Tenant or any other person or entity for any injury to person or damage to property caused as a result of the Premises or other portions of the Building becoming out of repair or damaged, or by defect in or failure of equipment, pipes or wiring, or broken glass, or by the backing up of drains or by gas, water, steam, electricity or oil leaking, escaping or flowing into the Premises.

## **6. INSURANCE, INDEMNITY, SUBROGATION.**

**6.1 Insurance by Landlord.** Landlord shall maintain insurance for those perils and in amounts which would be considered prudent for similar type property situated in the general area of the Building or which is required by any mortgagee or creditor of Landlord. Landlord shall have the right to self-insure with respect to any insurance obligations hereunder.

### **6.2 Tenant's Insurance.**

**6.2.1 Tenant's Liability Insurance.** Tenant shall at all times during the term hereof and at its cost and expense purchase and maintain with an insurance company, commercial general liability insurance coverage naming Landlord as an additional insured, in an adequate amount, as determined by Landlord's insurance broker or adviser, but not less than Three Million Dollars (\$3,000,000.00) combined single limit of coverage for personal injury, death and property damage. The insurance carrier shall be reasonably satisfactory to Landlord and licensed in the state in which the Premises are located. The insurance carrier shall at all times during the term of this Lease have a policyholder's rating of not less than "A-/VII" in the most current edition of Best's Insurance Reports. The policy shall also include contractual coverage of Tenant's obligations under Section 6.4 below. Tenant shall deliver to Landlord evidence of such insurance prior to occupancy evidencing the obligation of the insurer to provide Landlord with not less than thirty (30) days written notice prior to any reduction or cancellation of such insurance. Any insurance required of Tenant under this Lease may be furnished by Tenant under a blanket policy carried by it. Such blanket policy shall contain an endorsement that names Landlord as an additional insured, references the Premises, and guarantees a minimum limit available for the Premises equal to the insurance amounts required in this Lease. Each policy evidencing the insurance to be carried by Tenant under this Lease shall contain a clause that such policy and the coverage evidenced thereby shall be primary with respect to any policies carried by Landlord, and that any coverage carried by Landlord shall be excess insurance.

**6.2.2 Tenant's Property Insurance.** Tenant shall, at its own expense maintain in full force and effect "Broad Causes of Loss" or "Special Causes of Loss" commercial property insurance covering all of its inventory, furnishings, fixtures and equipment in the Premises, to the extent of their insurable actual cash value. Landlord will not carry insurance on Tenant's possessions, nor on any leasehold improvements made by Tenant, and Landlord shall not be liable for Tenant's loss thereof.

**6.2.3 Co-naming of Landlord.** The insurance policy or policies for the insurance required in Sections 6.2.1 and 6.2.2 above shall name Landlord, and Landlord's mortgagee, if any, as additional insureds and shall provide that they may not be canceled on less than thirty (30) days prior written notice to Landlord. Tenant shall furnish Landlord with Evidence of Insurance evidencing all required coverage. Should Tenant fail to carry such insurance and to furnish Landlord with such evidence of such insurance after a request to do so, Landlord shall have the right to obtain such insurance and collect the cost thereof from Tenant as

additional rent plus interest thereon at the rate of 18% per annum or the highest lawful rate under applicable law from the due date until paid.

**6.3 Insurance Rating.** Tenant will not conduct or permit to be conducted any activity, or place any equipment in or about the Premises, which will, in any way, increase the rate of fire insurance or other insurance on the Building; and if any increase in the rate of fire insurance or other insurance is stated by any insurance company or by the applicable Insurance Rating Bureau to be due to activity or equipment in or about the Premises, such statement shall be conclusive evidence that the increase in such rate is due to such activity or equipment and as a result thereof, Tenant shall be liable for such increase and shall reimburse Landlord therefor.

**6.4 Indemnity.** Tenant will indemnify and save Landlord harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the Premises, or the occupancy or use by Tenant of the Premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees, servants, lessees or concessionaires, clients or customers, excepting only such claims arising from the negligence of Landlord, its agents, contractors or its employees, or its failure to perform its obligations under this Lease. In case Landlord shall, without negligence or material fault on its part, be made a party to any litigation commenced by or against Tenant, Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses and reasonable attorney's fees incurred or paid by Landlord in connection with such litigation.

**6.5 Waiver of Subrogation.** Notwithstanding anything in this Lease to the contrary, Landlord and Tenant each hereby waive, to the extent of net proceeds collected under insurance policies actually carried or required by this Lease to be carried by the waiving party, any rights each may have against the other on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, their respective property, or the Building.

## **7. DAMAGE AND DESTRUCTION.**

**7.1 Damage.** In the event the Building or the Premises shall be destroyed or rendered untenable either in whole or in part, by fire or other casualty, Landlord may, at its option, restore the Building or Premises to as near their previous condition as is reasonably possible, and in the meantime Tenant agrees that during any period of restoration or repair of the Premises it will continue the operation of its business within the Premises to the extent practicable and the Base Rent shall be abated in the same proportion as the untenable portion of the Premises bears to the whole thereof; but unless Landlord, within sixty days after the happening of any such casualty, shall notify Tenant of its election to so restore, this Lease shall thereupon terminate and Tenant shall vacate the Premises and be discharged from any obligation to pay rent. Such restoration by Landlord shall not include replacement of furniture, equipment or other items that are part of the Building or any improvements to the Premises in excess of those provided for in any allowance for building

standard items as of the Commencement Date of this Lease. Restoration of the Premises required by Tenant beyond Landlord's obligation shall be performed by the Tenant at no cost to the Landlord. In event of damage to the Premises or the Building by fire or other causes resulting from fault or negligence of Tenant, its agents, employees or invitees, there shall be no abatement of rent during the period of repair.

**7.2 Delay Beyond Landlord's Control.** Landlord shall not be penalized for any delay in commencing or completing repairs caused by adjustment or insurance claims, governmental requirements or any cause beyond Landlord's reasonable control.

## **8. CONDEMNATION.**

**8.1 Condemnation; Award; Termination.** If the Building or Premises shall be taken or condemned for any public purpose, or for any reason whatsoever, to such an extent as to render either or both untenable, either Landlord or Tenant shall have the option to terminate this Lease effective as of the date of taking or condemnation in which event Tenant shall be discharged from any obligation to pay rent. If the taking or condemnation does not render the Building and the Premises untenable, this Lease shall continue in effect and Landlord shall promptly restore the portion not taken to the extent possible to the condition existing prior to the taking, but in no event shall Landlord be required to expend any amounts in excess of the net condemnation proceeds received by Landlord. If, as a result of such restoration, the area of the Premises is reduced, the rent shall be reduced proportionately. All proceeds from any taking or condemnation shall be paid to Landlord. Tenant waives all claims against such proceeds. A voluntary sale or conveyance in lieu of but under the threat of condemnation shall be considered a taking or condemnation for public purpose.

## **9. SURRENDER OF PREMISES.**

**9.1 Surrender at Expiration.** Upon expiration or sooner termination of this Lease, Tenant shall immediately surrender possession of the Premises to Landlord in substantially the condition as required under Section 5.

**9.2 Removal of Property.** All alterations, additions and improvements, other than unattached, movable furniture, furnishings or equipment made to the Premises at the expense of Tenant or Landlord, shall become a part of the Premises and shall remain upon and be surrendered with the Premises as a part thereof, except as Landlord may otherwise direct, in its sole discretion. Any unattached moveable furniture, furnishings or equipment not removed by the Tenant prior to the expiration or termination of this Lease shall become, at Landlord's option, the property of Landlord and shall be surrendered with the Premises as a part thereof. Upon expiration or other termination of this Lease, Tenant (i) shall remove only such alterations, additions and improvements (including telephone cable) as Landlord requests in writing; (ii) shall, except for these alterations, additions and improvements not required to be removed, restore the premises to the same condition existing upon delivery of possession thereto under this Lease, reasonable wear excepted; and (iii) shall surrender to Landlord, at the place then fixed for payment of rent, all keys for the Premises and shall

inform Landlord of all combinations on locks, safes, and vaults, if any, in the Premises. Tenant's obligation to observe this Section shall survive the expiration or other termination of this Lease.

## **10. HOLDING OVER.**

**10.1 Holding Over.** If Tenant shall fail to vacate the Premises upon expiration or sooner termination of this Lease, Landlord may at any time reenter by any applicable legal process or otherwise in accordance with the provisions of this Lease. Any holding over shall only be with Landlord's consent and Tenant shall be a month-to-month Tenant and subject to all laws of the estate in which the Building is situated and to the terms and conditions of this Lease, so far as applicable. If Tenant or any other occupant remains in possession of the Premises after the expiration of this Lease without Landlord's consent, no tenancy or interest in the Premises will result, and such party shall be subject to immediate eviction and removal. The rent to be paid Landlord by Tenant during such continued occupancy shall be for each month of continued occupancy, an amount equal to 1.10% of the rent that would otherwise be owed hereunder for the month the Lease expires or is terminated plus all Additional Rent. No receipt of money by Landlord from Tenant after expiration or termination of this Lease shall reinstate or extend this Lease or affect any prior notice given by Landlord to Tenant. If Tenant fails to surrender the Premises upon the expiration of this Lease, despite demand to do so by Landlord, Tenant shall, to the extent permitted under Virginia law, indemnify and hold Landlord harmless from all loss or liability, including without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender.

## **11. DEFAULT; REMEDIES.**

**11.1 Defaults by Tenant.** The occurrence of any one or more of the following events shall be a default under and breach of this Lease by Tenant:

**11.1.1 Failure to Pay Rent.** Tenant shall fail to make any required payment of the Base Rent or Additional Rent or any other charges due under the Lease for a period in excess of ten (10) days following written notice of such nonpayment by Landlord to Tenant.

**11.1.2 Failure to Perform.** Tenant shall fail to perform or observe any term, condition, covenant or obligation required to be performed or observed by it under this Lease for a period of thirty (30) days after written notice thereof from Landlord, provided, however, that if the term, condition, covenant or obligation to be performed by Tenant is of such nature that the same cannot reasonably be performed within such thirty (30) day period, such failure shall not constitute a default if Tenant commences such performance within said thirty-day (30) period and thereafter diligently undertakes to complete the same and does so complete the required action within a reasonable time but in any case not longer than sixty (60) days.

**11.1.3 Vacation; Abandonment; Failure to Occupy.** Tenant shall vacate or, abandon the Premises for any period, or fail to occupy the Premises or any substantial portion thereof for a period of thirty (30) days.

**11.1.4 Trusteeship; Assignment; Attachment.** A trustee or receiver shall be appointed to take possession of substantially all of Tenant's assets in, on or about the Premises or of Tenant's interest in this Lease (and Tenant does not regain possession within sixty (60) days after such appointment); Tenant makes a general assignment for the benefit of creditors, or substantially all of Tenant's assets in, on or about the Premises or Tenant's interest in this Lease are attached or levied under execution (and Tenant does not discharge the same within thirty (30) days thereafter).

**11.1.5 Bankruptcy.** A petition in bankruptcy, insolvency, or for reorganization or arrangement is filed by or against Tenant pursuant to any federal or state statute (and, with respect to any such petition filed against it, Tenant fails to secure a stay or discharge thereof within sixty (60) days after the filing of the same).

**11.2 Remedies of Landlord.** Upon the occurrence of any event of default set forth in Section 11.1, Landlord shall have the following rights and remedies, in addition to those provided by law, any one or more of which may be exercised without further notice to or demand upon Tenant.

**11.2.1 Cure.** Landlord may re-enter the Premises and cure any default of Tenant, in which event Tenant shall reimburse Landlord as Additional Rent for any costs and expenses which Landlord may incur to cure such default; and Landlord shall not be liable to Tenant for any loss or damage which Tenant may sustain by reason of Landlord's action, regardless of whether caused by Landlord's negligence or otherwise.

**11.2.2 Termination; Re-let.** In the event of default, after the applicable notice and cure period, Landlord shall have the right, in addition to all other rights and remedies provided by law, to re-enter the Premises peaceably or by force, with or without process of law, and to take possession thereof and to terminate this Lease. No such termination of this Lease nor recovering possession of the Premises, however, shall deprive Landlord of any action or remedy against Tenant for possession, rent (accrued or to accrue) or damages, nor constitute a waiver of any lien of Landlord on the property of Tenant and Landlord may to the extent permitted by law (but shall not be obligated to) re-let the Premises in whole or in part for the unexpired portion of the Lease term and Tenant shall be obligated to reimburse Landlord for all of its expenses in connection with such retaking and re-letting, including any loss of rental which might result. Landlord shall in no event be liable in any way whatsoever for failure to relet the Premises, or in the event that the Premises are relet, for failure to collect the rent under such reletting, and in no event shall Tenant be entitled to receive the excess, if any, of such net rent collected over the sums payable by Tenant to Landlord hereunder. To the extent permitted by law, Tenant waives any notice to quit or other provision of applicable law requiring notice or delay in an action to evict or dispossess Tenant, and all rights of redemption under any law in the event Tenant is evicted or dispossessed for any cause.

**11.2.3 Acceleration.** Landlord shall have the right to accelerate the rent due under this Lease with respect to the Premises.

**11.2.4 Suit.** Landlord may sue for specific performance, injunctive relieve or to recover damages for any loss resulting from the breach.

**11.2.5 Interest on Unpaid Rent.** Interest on unpaid rent shall be charged as specified in Section 2.4.

**11.3 Default by Landlord and Remedies of Tenant.** It shall be a default under and breach of this Lease by Landlord if it shall fail to perform or observe any term, condition, covenant or obligation required to be performed or observed by it under this Lease for a period of thirty (30) days after written notice thereof from Tenant; provided, however, that if the term, condition, covenant or obligation to be performed by Landlord is of such nature that the same cannot reasonably be performed within such thirty-day period, such occurrence shall not constitute a default if Landlord commences such performance within said thirty (30) day period and thereafter diligently undertakes to complete the same and does so complete the required action within a reasonable time. Upon the occurrence of any such default, Tenant may sue for injunctive relief or to recover damages for any loss resulting from the breach, and Tenant shall be entitled to terminate this Lease.

**11.4 Limitation of Landlord's Liability.** If Landlord shall fail to perform or observe any term, condition, covenant or obligation required to be performed or observed by it under this Lease after notice thereof and an opportunity to cure as provided in Section 11.3, and if Tenant shall, as a consequence thereof, recover a money judgment against Landlord, Tenant agrees that it shall look solely to the Landlord's right, title and interest in and to the Building and the Land for the collection of such judgment; and Tenant further agrees that no other assets of Landlord shall be subject to levy, execution or other process for the satisfaction of Tenant's judgment and that Landlord (and its employees) shall not be personally liable for any deficiency.

**11.5 Non-Waiver of Defaults.** The failure or delay by either party hereto to exercise or enforce at any time any of the rights or remedies or other provisions of this Lease shall not be construed to be a waiver thereof, nor affect the validity of any part of this Lease or the right of either party thereafter to exercise or enforce each and every such right or remedy or other provision. No waiver of any default and breach of the Lease shall be deemed to be a waiver of any other default and breach. The receipt by Landlord of less than the full rent due shall not be construed to be other than a payment on account of rent then due, nor shall any statement on Tenant's check or any letter accompanying Tenant's check be deemed an accord and satisfaction, and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of the rent due or to pursue any other remedies provided in this Lease. No act or omission by Landlord or its employees or agents during the term of this Lease shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such a surrender shall be valid unless in writing and signed by Landlord.

## **12. MISCELLANEOUS PROVISIONS.**

**12.1 Waiver.** The failure of Landlord or Tenant to insist upon strict performance of any of the covenants and agreements of this lease, or to exercise any option herein conferred in any one or more instances, shall not be considered to be a waiver or relinquishment of such performance by either party, and all covenants, agreements and options shall remain in full force and effect.

**12.2 Consent Not Unreasonably Withheld.** Unless otherwise specifically provided, whenever consent or approval of Landlord or Tenant is required under the terms of this Lease, such consent or approval shall not be unreasonably withheld or delayed. Tenant's sole remedy, if Landlord unreasonably withholds or delays consent or approval, shall be an action for specific performance and Landlord shall not be liable for damages. If either party withholds any consent or approval, such party shall on written request deliver to the other party a written statement giving the reasons therefor.

**12.3 Attorney's Fees.** To the extent permitted under Virginia law, all costs and expenses, including attorney's fees in a reasonable amount, incurred by Landlord or Tenant in enforcing the obligations of either under this Lease, shall be paid by the defaulting party to the prevailing party upon demand, once a default is determined to have occurred, whether by judgment or otherwise.

**12.4 Designated Parties.** Landlord may act in any matter provided for herein through any person who shall from time to time be designated by Landlord by notice to Tenant. Tenant may designate in writing a person to act on its behalf in any matter provided for herein and may, by written notice, change such designation. In the absence of such designation, the person or persons executing this Lease for Tenant shall be deemed to be authorized to act on behalf of Tenant in any matter provided for herein.

**12.5 Successors.** All covenants, terms and conditions contained in this Lease shall apply to and be binding upon and inure to the benefit of Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns. If there is more than one Tenant, the obligations hereunder imposed upon Tenant shall be joint and several. No rights, however, shall inure to the benefit of any assignee or subtenant of Tenant unless Landlord has given its consent to the assignment or sublease in accordance with Section 4.

**12.6 Relationship of Parties.** Nothing contained in this Lease shall create any relationship between the Landlord and Tenant, and it is acknowledged and agreed that Landlord does not in any way or for any purpose become a partner of Tenant in the conduct of Tenant's business, or a joint venturer or a member of a joint or common enterprise with Tenant.

**12.7 Severability.** If any clause or provision of this Lease is held to be illegal, invalid or unenforceable under present or future law effective during the term of this Lease, the remainder of this Lease shall not be affected thereby. In lieu of such clause or provision

held to be illegal, invalid or unenforceable there shall be added, as a part of this Lease, a clause or provision as similar in terms as possible which shall be legal, valid and enforceable.

**12.8 Gender.** Words of any gender used in this Lease shall be held and construed to include any other gender and words in the singular number shall be held to include the plural, unless the context otherwise requires.

**12.9 Building Name.** Landlord reserves the right at any time and from time to time to change the name, number or designation by which the Building is commonly known.

**12.10 Brokerage Commissions.** The parties hereby acknowledge, represent and warrant that no broker has been involved in the negotiation and execution of this Lease and that no broker or person is entitled to any leasing commission or compensation as a result of the negotiation or execution of this Lease. Tenant shall be responsible for any commission or other compensation or charges claimed by or awarded to any broker or agent based on the actions of Tenant with respect to this Lease.

**12.11 Tenant Authority.** Tenant warrants that it has legal authority enter into this Lease and to operate and is authorized to do business in the Commonwealth of Virginia and in the City of Norfolk. Tenant also warrants that the person or persons executing this Lease on behalf of Tenant has authority to do so and fully obligate Tenant to all terms and provisions of this Lease. Tenant shall, upon request from Landlord, furnish Landlord with a certified copy of resolutions or other evidence of authority authorizing this Lease and granting authority to execute it to the person or persons who have executed it on Tenant's behalf.

**12.12 Common and Public Areas.** All hallways, passageways, stairways and elevators in the Building, entrances and exits thereto, truck-ways, pedestrian sidewalks and ramps, landscaped areas, and other publicly-accessible areas located in or about the Building (collectively, the "Common Areas") are provided for the general non-exclusive use, in common, of Tenant, Landlord and all other tenants and occupants of the Building, their employees, guests and invitees. Such Common Areas shall at all times be subject to regulation and management by Landlord, and Tenant agrees to abide by any rules and regulations with respect thereto and to use its best efforts to cause its employees, guests and invitees to do the same. Without limitation on Landlord's general right to promulgate any such rules and regulations, Landlord reserves the right to change the area, level, location and arrangement of the facilities referred to herein; to restrict parking by tenants and/or their patrons; to close temporarily all or any portion of the parking area or facilities for repairs or maintenance or otherwise; to control the amount of lighting, security and traffic control, if any; and to take such other actions as Landlord shall deem necessary or desirable with a view to the convenient use thereof by all tenants, their employees, guests and invitees. Landlord also reserves the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to Tenant therefor, to change the arrangement and/or location of public corridors, passageways, elevators, mechanical areas and rooms, stairways and stairs, rest rooms, or other common areas of the Building.

**12.13 Recording.** Upon the request of either party, the other party shall join in the execution of a memorandum or so-called "short form" of this Lease for the purposes of recordation. Said memorandum or short form of this Lease shall describe the Parties, the Premises and the term of this Lease and shall incorporate this Lease by reference. In the alternative, either party may, at its option, record this entire Lease.

**12.14 Notices.** All notices under this Lease shall be in writing and delivered in person or sent by prepaid registered or certified mail if to Landlord at the address below; and if to the Tenant at the Premises or at the address below; or to such addresses as hereafter may be designated by either party in writing. Notices mailed shall be deemed given on the date following the date of mailing.

Landlord's Address:

**City Manager  
1100 City Hall Building  
810 Union Street  
Norfolk, Virginia 23510**

**With a copy to:**

**Director, General Services  
232 E. Main Street, Ste. 250  
Norfolk, VA 23510**

**With a copy to:**

**City Attorney  
810 Union Street  
900 City Hall Building  
Norfolk, VA 23510**

Tenant's Address:

**Muddy Paws  
400 Granby Street, Suite B  
Norfolk, VA 23510**

**12.15 Time is of the Essence; Force Majeure.** Time is of the essence with respect to all provisions of this Lease. However, whenever a period of time is prescribed for action to be taken, the party in question shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions or any other causes of any kind which are beyond such party's reasonable control. However, this provision shall not apply to the obligation of either party to make Rent or other monetary payments as and when due or to maintain insurance.

**12.16 Entire Agreement; Captions.** This Lease, including Exhibits A, B and C hereto, and any Addendums contain the entire agreement of the Parties and no prior or contemporaneous representations, promises or agreements, oral or otherwise, between the Parties not contained in this Lease shall be of any force and effect. Neither this Lease nor any provision hereof may be changed, waived, discharged or terminated except in writing executed by Landlord and Tenant or the party against whom any waiver is sought. The captions for sections of this Lease are for convenience only and shall have no effect upon the construction or interpretation of any part of this Lease.

**12.17 Guaranty.** Landlord's obligations under this Lease are expressly conditioned upon receipt of a Guaranty of Lease executed and acknowledged by each Guarantor in the form attached as Exhibit E. If the Tenant is an entity, this Lease shall be guaranteed by the principal(s) of the Tenant or other person acceptable to the City.

Acknowledged and accepted as of the date set forth above.

**LANDLORD**

**CITY OF NORFOLK**

By: \_\_\_\_\_

Name: Marcus D. Jones

Title: City Manager

Attest:

\_\_\_\_\_  
City Clerk

Approved as to content: \_\_\_\_\_

\_\_\_\_\_  
Director, Department of General Services

Approved as to form and correctness: \_\_\_\_\_

\_\_\_\_\_  
Assistant City Attorney

Mgt

**TENANT**

**THE MUDDY PAW GROOMING  
AND RETAIL STORE, LLC**

By: Maryann Jacobson  
Name: Maryann Jacobson  
Title: owner

By: Angela Owens  
Name: Angela Owens  
Title: Co-owner

FLOOR PLAN SHOWING THE PREMISES



## **EXHIBIT B**

### **RULES & REGULATIONS**

1. **NON-SMOKING PROPERTY:** The entire Property, including but not limited to parking lots, entranceways, etc., has been designated a "Non-Smoking" Property. Tenant shall not permit its employees, agents, customers, licensees or invitees to smoke on the Property.
2. **OBSTRUCTION OF PASSAGEWAYS:** The sidewalks, parking lots, entrances, passages, courts, elevators, vestibules, stairways, corridors, and public parts of the Property shall not be obstructed or encumbered by the Tenant or used by the Tenant for any other purpose other than ingress and egress.
3. **DISPOSAL OF TRASH:** Tenant shall not permit trash or rubbish to be stored in or about the Premises, and shall cause the same to be disposed of in dumpsters provided at the Building.
4. **WINDOWS:** Windows in the Premises shall not be covered or obstructed by the Tenant without prior written consent of the Landlord. No bottles, parcels or other articles shall be placed on the windowsills, in the halls, or in any other part of the Building. No article shall be thrown out of the doors or windows of the Premises.
5. **PROJECTIONS FROM BUILDING:** No awnings, air conditioning units, or other fixtures shall be attached to the outside walls or windowsills of the Building by Tenant or otherwise affixed by it so as to project from the Building, without prior written consent of the Landlord.
6. **FLOOR COVERING:** The Tenant shall not lay linoleum or other similar floor covering so that the same shall come in direct contact with the floor of the Premises without the prior written consent of the Landlord. If linoleum or other similar floor covering is desired to be used, an interlining of builder's deadening felt first shall be fixed to the floor by a paste or other material that may easily be removed with water, the use of cement or other similar adhesive material being expressly prohibited.
7. **INTERFERENCE WITH OCCUPANTS OF BUILDING:** The Tenant shall not make or permit to be made, any unseemly or disturbing noises (BARKING DOGS AND OTHER ANIMAL NOISES ARE EXPRESSLY EXCLUDED AS "DISTURBING NOISES" UNDER THIS PROVISION) and shall not interfere with other tenants or those having business with them. The Tenant will keep all mechanical apparatus in the Premises free of vibration and noise, which may be transmitted beyond the limits of the Premises. Tenant shall not bring into the Premises or permit any item or equipment to be used in the Premises that causes electrical interference or otherwise hinders the proper operation of the telecommunications or other equipment of other tenants or occupants of the Building.
8. **LOCKS, KEYS:** Tenant shall place no additional locks or bolts of any kind on any of the doors or windows. The Tenant shall, upon the termination of Tenant's tenancy, deliver to Landlord, all keys to any space within the Building or Premises, either furnished to or otherwise procured by Tenant, and in the event of the loss of any keys furnished, Tenant shall pay Landlord the cost thereof. The Tenant, before closing and leaving the Premises, shall ensure that all its windows are closed and its entrance doors are locked.
9. **PROHIBITED ON PREMISES:** The Tenant shall not conduct or permit any other person to conduct, any auction upon the Property. Tenant shall not permit the Premises to be used for gambling, make any unusual noises (ANIMAL NOISES EXCLUDED FROM THIS PROHIBITION) in the Property, permit to be played any radio, television, recorded or wired music in such a loud manner as to disturb or annoy other tenants, or permit any unusual odors (ANIMAL ODORS EXCLUDED FROM THIS PROHIBITION PROVIDED THIS

EXCLUSION SHALL IN NO WAY NEGATE TENANT'S OBLIGATION TO HAVE ADEQUATE VENTILATION AT THE PREMISES SPECIFICALLY DESIGNED TO MINIMIZE ANIMAL ODORS) to be produced upon the Property. The Tenant shall not permit any portion of the Premises to be used for the storage, manufacture, or sale of intoxicating beverages, illegal narcotics, tobacco in any form, or as a barber or manicure shop. Canvassing, soliciting and peddling in the Property are prohibited, and Tenant shall cooperate to prevent the same. No vehicles of any kind shall be brought into or kept in or about the Premises, or the Property. No portion of the Premises shall be used as sleeping quarters at any time during the term of the Lease.

10. **FIRE HAZARDS; FIRE SAFETY:** Tenant shall not use or permit to be used in the Premises any equipment or other thing, or permit any act, that would create a fire hazard. Tenant further agrees to abide by any rules, regulations or procedures that may be established by Landlord, its insurance carrier, or any governmental agency with respect to fire prevention or safety.
11. **HEAVY ITEMS:** Tenant shall not bring into the Premises or permit to be brought into the Premises any weights or heavy items that would be beyond the safe carrying capacity of a standard office building.
12. **PLUMBING, ELECTRIC AND TELEPHONE WORK:** Plumbing facilities shall not be used for any purpose other than those for which they are constructed; and no floor sweepings, rubbish, ashes, newspaper or other substances of any kind shall be thrown into them. Waste and excessive or unusual usage or amounts of electricity and water is prohibited. When electric wiring of any kind is introduced, it must be connected as directed by Landlord, and stringing or cutting of wires will not be allowed, except by prior written consent of Landlord, and shall be done by contractors approved by Landlord. The number and locations of telephones, telegraph instruments, electrical appliances, call boxes, etc. shall be subject to Landlord's reasonable approval.
13. **ANIMAL WASTE.** Tenant shall keep the Premises, Building and Land free of animal waste.

Landlord reserves the right to reasonably supplement or modify these rules and regulations from time to time during the term of the Lease upon written notice to Tenant, and Tenant agrees to abide by such supplemental or modified rules and regulations.

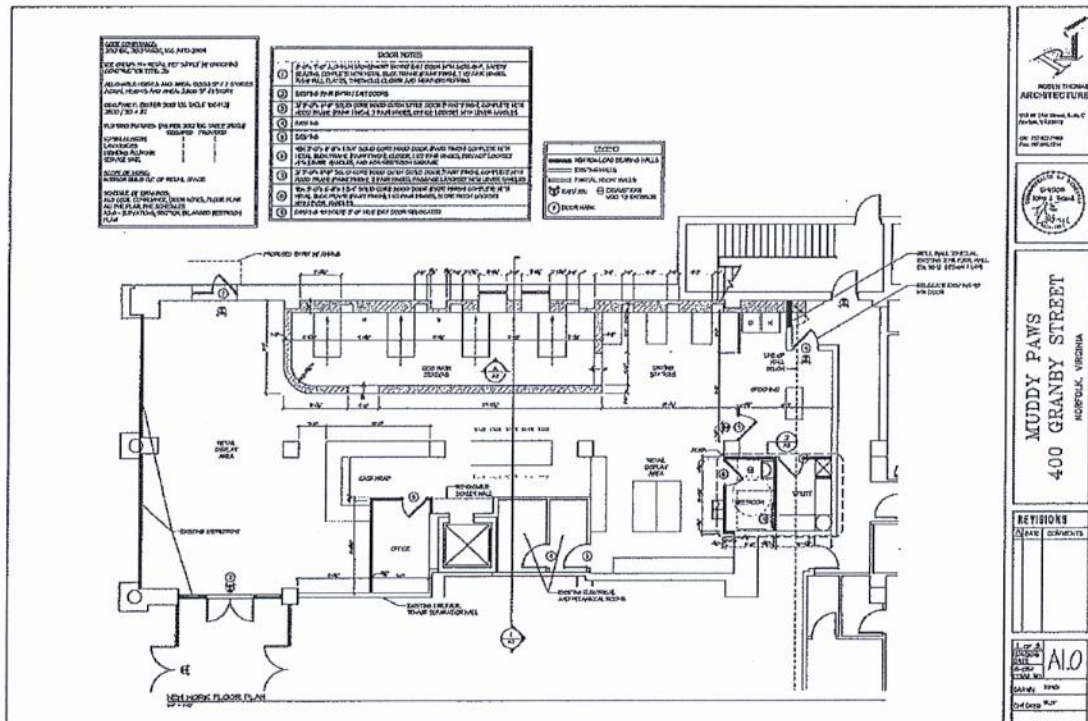
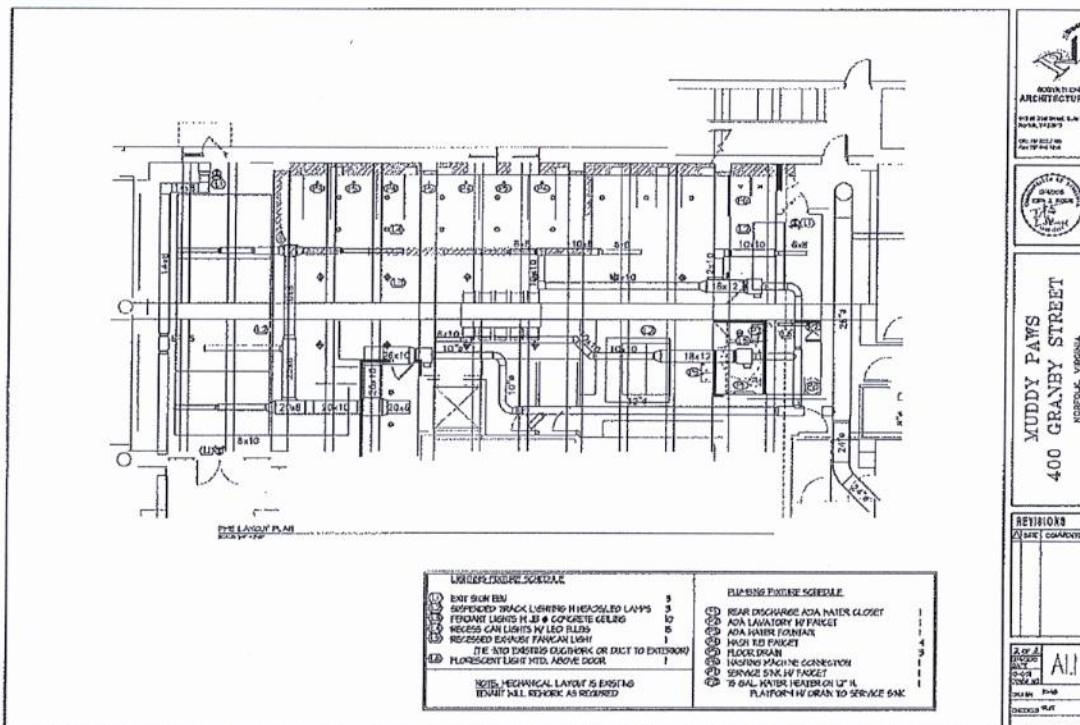
## EXHIBIT C

### LANDLORD IMPROVEMENTS

Landlord shall complete the following Leasehold Improvements to the Premises on or before the Commencement Date:

- a. Construct the fire-rated demising walls between the Premises and Suite South A;
- b. Construct the two-hour fire-rated wall demising the Premises from the common rear corridor (including rear door);
- c. Install an electrical meter for the Premises

**EXHIBIT D**  
**SPACE PLANS AND SPECIFICATIONS**





**EXHIBIT E**  
**GUARANTY OF LEASE**

THIS GUARANTY OF LEASE is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ (the "Guarantor"), to the CITY OF NORFOLK, a municipal corporation of the Commonwealth of Virginia (the "Landlord").

In consideration of and to induce the execution and delivery of that certain lease dated \_\_\_\_\_, 20\_\_\_\_ (the "Lease") between Landlord and \_\_\_\_\_, a \_\_\_\_\_ corporation (the "Tenant"), for a certain premises (the "Premises") as more particularly described in the Lease, Guarantor agrees as follows:

1. Guarantor unconditionally guaranties to Landlord the full and punctual payment of all rents and other sums payable by Tenant under the Lease, and the full and punctual performance and observance of all terms, covenants and conditions on the part of Tenant to be performed and observed under the Lease (collectively the "Tenant Obligations"), including renewal terms, extension periods, holdover periods and periods prior to the commencement date under the Lease. Guarantor further agrees to indemnify, defend and hold Landlord harmless for any loss, liability, damage or expense (including reasonable attorney's fees) arising from the failure of Tenant to timely perform any of the Tenant Obligations and to pay all expenses (including reasonable attorney's fees) incurred by Landlord in enforcing this Guaranty. Upon Tenant's default under the Lease and upon demand by Landlord, Guarantor shall pay or perform the Tenant Obligations so in default, as applicable, without offset, deduction or counterclaim.

2. This is a guaranty of payment and performance and not of collection. Landlord shall not be required to pursue any remedies that it may have against Tenant or pursue any security deposit or other security or other parties as a condition to the enforcement of this Guaranty, it being intended that Guarantor's obligations under this Guaranty shall be independent of, and in addition to, the Tenant Obligations. It is understood and agreed that Guarantor may be joined in any action against Tenant and that recovery may be had against Guarantor in such action, or in any independent action against Guarantor. This Guaranty shall not in any way be affected or impaired by reason of Landlord asserting against Tenant any rights or remedies reserved to the Landlord pursuant to the Lease, or available at law or in equity, including any termination of the Lease or re-entry into the Premises.

3. Guarantor waives demand, protest, notice of any breach or default by Tenant under the Lease, notice of acceptance of this Guaranty, and all suretyship defenses generally.

4. (a) This Guaranty shall be absolute and continuing. The obligations and liability of Guarantor shall not be discharged, released, affected or impaired by:

(i) Any change in the corporate (or other entity) existence, structure or ownership of Tenant, or any bankruptcy, insolvency, reorganization, liquidation, dissolution, winding up or other proceedings affecting Tenant, or the disaffirmance or rejection of the Lease in such proceedings, regardless of whether any or all of the foregoing is or are done or made with or without the consent of Guarantor or Landlord;

(ii) Any modification, amendment or other alteration of the Lease; any renewal or extension of the Lease; any assignment of the Lease; any sublease of all or a portion of the Premises; any expansion of the Premises; or any release of any other party liable for the

Tenant Obligations or any release of security held by Landlord for the performance of the Tenant Obligations. Guarantor consents to any and all of the foregoing, and this Guaranty shall apply to the Lease and the Tenant Obligations as modified, amended or otherwise changed pursuant to this clause (ii);

(iii) Any extension of time for the payment or performance of Tenant Obligations or any other waivers or indulgences that may be granted to Tenant; or

(iv) Any disability or other defense of Tenant, or the cessation from any other cause whatsoever of the liability of Tenant under the Lease.

(b) The obligations and liability of Guarantor under this Guaranty shall continue in effect until all Tenant Obligations have been fully paid, performed and satisfied. If at any time payment of any of the Tenant Obligations is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Tenant, the obligations of the Guarantor with respect to such payment shall be reinstated at such time as though such payment had not been made.

(c) All settlements, compromises, compositions and agreed balances made in good faith between Landlord and Tenant shall be binding on Guarantor.

5. Until all Tenant Obligations are fully paid, performed and satisfied, Guarantor (a) shall have no right of subrogation against Tenant by reason of Guarantor's performance under this Guaranty or monies or obligations owed by Tenant to Guarantor, (b) waives any right to enforce any remedy which Guarantor now has or may later have against Tenant by reason of Guarantor's performance under this Guaranty, and (c) subordinates all liabilities and indebtedness of Tenant now or later held by or owed to Guarantor to the Tenant Obligations.

6. If this Guaranty is held ineffective or unenforceable by any court of competent jurisdiction, Guarantor shall be deemed to be a tenant under the Lease with the same force and effect as if Guarantor were expressly named as a joint tenant with Tenant.

7. This Guaranty and the obligations of the Guarantor under this Guaranty shall not be modified, discharged, waived or terminated except by an agreement in writing signed by Guarantor and Landlord.

8. This Guaranty shall bind Guarantor and the heirs, executors, personal representatives, successors and assigns of Guarantor. This Guaranty may be freely assigned, transferred or hypothecated by Landlord and shall run in favor and inure to the benefit of Landlord, its successors and assigns, and each subsequent holder of Landlord's interest under the Lease. References to the term "Tenant" shall be deemed to include Tenant's heirs, executors, personal representatives, successors and assigns.

9. This Guaranty shall be governed by and construed in accordance with Virginia law. Guarantor agrees to be subject to the jurisdiction of the courts of Virginia and Guarantor waives any objection to personal jurisdiction in any suit, action or proceeding in such courts. Guarantor consents to process being served in any such suit, action or proceeding by the mailing of a copy thereof pursuant to the notice provisions of Paragraph 10 below.

If this Guaranty is enforced by suit or otherwise or if Landlord exercises any of its remedies under the Lease, Guarantor shall reimburse Landlord, upon demand, for all reasonable expenses incurred in connection therewith, including reasonable attorney's fees.

10. Notices to the Guarantor shall be sent by certified or registered mail to the address of \_\_\_\_\_ and shall be effective upon being deposited in the United States mail, postage prepaid. Alternatively, notices may be sent by Federal Express or other recognized delivery service and shall be effective upon delivery to the above address. Guarantor may change the above address by giving written notice to Landlord in accordance with the notice provisions under the Lease.

11. [Corporate Guarantor] Guarantor represents and warrants that it has the legal right and capacity to execute this Guaranty, and each person executing this Guaranty on behalf of Guarantor covenants and warrants that he is duly authorized by the board of directors of Guarantor to execute and deliver this Guaranty on behalf of the corporation.

11. (Alternate) [Individual Guarantor] Guarantor represents and warrants that he or she has the legal right and capacity to execute this Guaranty. Guarantor waives the benefit of Guarantor's homestead exemption.

11. (Alternate) [Multiple Individual Guarantors] Each Guarantor represents and warrants that he or she has the legal right and capacity to execute this Guaranty. Each Guarantor waives the benefit of his or her homestead exemption.

12. [Multiple Guarantors Only] The obligations of each Guarantor shall be joint and several. The release of any one or more Guarantors shall not affect the liability of any remaining Guarantor not expressly released. Landlord may proceed against one or more Guarantors without releasing the remaining Guarantors.

14. TO THE FULLEST EXTENT PERMITTED BY LAW, GUARANTOR WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION RELATED TO THIS GUARANTY.

15. This Guaranty is made and executed under seal. The designation "(SEAL)" on this Guaranty shall be as effective as the affixing of an entity's seal physically hereto.

WITNESS the following signature(s) and seal(s) as of the day and year first above written.

[Individual Guarantor(s)]

\_\_\_\_\_(SEAL)  
Name:

\_\_\_\_\_(SEAL)  
Name:

STATE OF \_\_\_\_\_  
CITY/COUNTY OF \_\_\_\_\_, to-wit:

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
by \_\_\_\_\_ and \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

[AFFIX NOTARIAL SEAL]

[Corporate Guarantor]

GUARANTOR:

NAME: \_\_\_\_\_

By: \_\_\_\_\_ (SEAL)

Title: \_\_\_\_\_

Attest:

\_\_\_\_\_  
Secretary

STATE OF \_\_\_\_\_  
CITY/COUNTY OF \_\_\_\_\_, to-wit:

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
20\_\_ by \_\_\_\_\_ as \_\_\_\_\_, of \_\_\_\_\_  
\_\_\_\_\_, a \_\_\_\_\_ corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

[AFFIX NOTARIAL SEAL]

## GUARANTY OF LEASE

THIS GUARANTY OF LEASE is made as of the 14th day of December, 2015, by MARYANN JACOBSON, an individual, and ANGELA OWENS, an individual (together the "Guarantor" or the "Guarantors"), to the CITY OF NORFOLK, a municipal corporation of the Commonwealth of Virginia (the "Landlord").

In consideration of and to induce the execution and delivery of that certain lease dated as of January 14, 2015 (the "Lease") between Landlord and The Muddy Paw Grooming and Retail Store, LLC, a Virginia limited liability company (the "Tenant"), for a certain premises (the "Premises") as more particularly described in the Lease, Guarantor agrees as follows:

1. Guarantor unconditionally guaranties to Landlord the full and punctual payment of all rents and other sums payable by Tenant under the Lease, and the full and punctual performance and observance of all terms, covenants and conditions on the part of Tenant to be performed and observed under the Lease (collectively the "Tenant Obligations"), including renewal terms, extension periods, holdover periods and periods prior to the commencement date under the Lease. Guarantor further agrees to indemnify, defend and hold Landlord harmless for any loss, liability, damage or expense (including reasonable attorney's fees) arising from the failure of Tenant to timely perform any of the Tenant Obligations and to pay all expenses (including reasonable attorney's fees) incurred by Landlord in enforcing this Guaranty. Upon Tenant's default under the Lease and upon demand by Landlord, Guarantor shall pay or perform the Tenant Obligations so in default, as applicable, without offset, deduction or counterclaim.

2. This is a guaranty of payment and performance and not of collection. Landlord shall not be required to pursue any remedies that it may have against Tenant or pursue any security deposit or other security or other parties as a condition to the enforcement of this Guaranty, it being intended that Guarantor's obligations under this Guaranty shall be independent of, and in addition to, the Tenant Obligations. It is understood and agreed that Guarantor may be joined in any action against Tenant and that recovery may be had against Guarantor in such action, or in any independent action against Guarantor. This Guaranty shall not in any way be affected or impaired by reason of Landlord asserting against Tenant any rights or remedies reserved to the Landlord pursuant to the Lease, or available at law or in equity, including any termination of the Lease or re-entry into the Premises.

3. Guarantor waives demand, protest, notice of any breach or default by Tenant under the Lease, notice of acceptance of this Guaranty, and all suretyship defenses generally.

4. (a) This Guaranty shall be absolute and continuing. The obligations and liability of Guarantor shall not be discharged, released, affected or impaired by:

(i) Any change in the corporate (or other entity) existence, structure or ownership of Tenant, or any bankruptcy, insolvency, reorganization, liquidation, dissolution, winding up or other proceedings affecting Tenant, or the disaffirmance or rejection of the Lease in such proceedings, regardless of whether any or all of the foregoing is or are done or made with or without the consent of Guarantor or Landlord;

(ii) Any modification, amendment or other alteration of the Lease; any renewal or extension of the Lease; any assignment of the Lease; any sublease of all or a portion of the Premises; any expansion of the Premises; or any release of any other party liable for the Tenant Obligations or any release of security held by Landlord for the performance of the Tenant Obligations. Guarantor consents to any and all of the

foregoing, and this Guaranty shall apply to the Lease and the Tenant Obligations as modified, amended or otherwise changed pursuant to this clause (ii);

(iii) Any extension of time for the payment or performance of Tenant Obligations or any other waivers or indulgences that may be granted to Tenant; or

(iv) Any disability or other defense of Tenant, or the cessation from any other cause whatsoever of the liability of Tenant under the Lease.

(b) The obligations and liability of Guarantor under this Guaranty shall continue in effect until all Tenant Obligations have been fully paid, performed and satisfied. If at any time payment of any of the Tenant Obligations is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Tenant, the obligations of the Guarantor with respect to such payment shall be reinstated at such time as though such payment had not been made.

(c) All settlements, compromises, compositions and agreed balances made in good faith between Landlord and Tenant shall be binding on Guarantor.

5. Until all Tenant Obligations are fully paid, performed and satisfied, Guarantor (a) shall have no right of subrogation against Tenant by reason of Guarantor's performance under this Guaranty or monies or obligations owed by Tenant to Guarantor, (b) waives any right to enforce any remedy which Guarantor now has or may later have against Tenant by reason of Guarantor's performance under this Guaranty, and (c) subordinates all liabilities and indebtedness of Tenant now or later held by or owed to Guarantor to the Tenant Obligations.

6. If this Guaranty is held ineffective or unenforceable by any court of competent jurisdiction, Guarantor shall be deemed to be a tenant under the Lease with the same force and effect as if Guarantor were expressly named as a joint tenant with Tenant.

7. This Guaranty and the obligations of the Guarantor under this Guaranty shall not be modified, discharged, waived or terminated except by an agreement in writing signed by Guarantor and Landlord.

8. This Guaranty shall bind Guarantor and the heirs, executors, personal representatives, successors and assigns of Guarantor. This Guaranty may be freely assigned, transferred or hypothecated by Landlord and shall run in favor and inure to the benefit of Landlord, its successors and assigns, and each subsequent holder of Landlord's interest under the Lease. References to the term "Tenant" shall be deemed to include Tenant's heirs, executors, personal representatives, successors and assigns.

9. This Guaranty shall be governed by and construed in accordance with Virginia law. Guarantor agrees to be subject to the jurisdiction of the courts of Virginia and Guarantor waives any objection to personal jurisdiction in any suit, action or proceeding in such courts. Guarantor consents to process being served in any such suit, action or proceeding by the mailing of a copy thereof pursuant to the notice provisions of Paragraph 10 below.

If this Guaranty is enforced by suit or otherwise or if Landlord exercises any of its remedies under the Lease, Guarantor shall reimburse Landlord, upon demand, for all reasonable expenses incurred in connection therewith, including reasonable attorney's fees.

10. Notices to the Guarantor shall be sent by certified or registered mail to the address of 400 Granby Street, Suite B, Norfolk, Virginia 23510 and shall be effective upon being deposited in the United

States mail, postage prepaid. Alternatively, notices may be sent by Federal Express or other recognized delivery service and shall be effective upon delivery to the above address. Guarantor may change the above address by giving written notice to Landlord in accordance with the notice provisions under the Lease.

11. Each Guarantor represents and warrants that he or she has the legal right and capacity to execute this Guaranty. Each Guarantor waives the benefit of his or her homestead exemption.

12. The obligations of each Guarantor shall be joint and several. The release of any one or more Guarantors shall not affect the liability of any remaining Guarantor not expressly released. Landlord may proceed against one or more Guarantors without releasing the remaining Guarantors.

13. TO THE FULLEST EXTENT PERMITTED BY LAW, GUARANTOR WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION RELATED TO THIS GUARANTY.

14. This Guaranty is made and executed under seal. The designation "(SEAL)" on this Guaranty shall be as effective as the affixing of an entity's seal physically hereto.

WITNESS the following signature(s) and seal(s) as of the day and year first above written.

**GUARANTOR:**

Maryann Jacobson (SEAL)  
Name: Maryann Jacobson

Angela Owens (SEAL)  
Name: Angela Owens

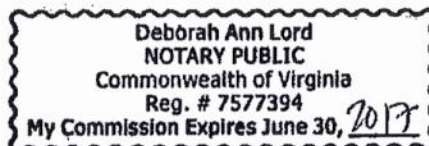
COMMONWEALTH OF Virginia  
CITY/COUNTY OF Norfolk, to-wit:

The foregoing instrument was acknowledged before me this 25th day of December, 2015, by Maryann Jacobson.

Debora Ann Lord  
Notary Public

My Commission Expires: 6/30/2017

[AFFIX NOTARIAL SEAL]



COMMONWEALTH OF VIRGINIA  
CITY/COUNTY OF Norfolk, to-wit:

The foregoing instrument was acknowledged before me this 23<sup>rd</sup> day of December, 2015, by  
Angela Owens.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 6/30/2017

[AFFIX NOTARIAL SEAL]

